

A U.S. Counter-China Playbook for Latin America: Nearshoring, Minerals, and the Trust-Stack

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Abstract

This paper outlines a practical U.S. playbook to compete with China in Latin America and the Caribbean by combining nearshoring, critical-minerals partnerships, secure digital infrastructure, and blended-finance tools. We propose a tiered country framework tied to objective readiness criteria (rule of law, macro stability, energy/digital readiness, labor skills, and logistics) and a 10-point action plan spanning APEP/PGI alignment, open and interoperable telecoms (Open RAN), minerals-for-manufacturing swaps, and project-prep pipelines with multilateral development banks and the DFC. We quantify quick wins in autos, textiles, pharmaceutical inputs, and clean-tech supply chains and map risks—policy volatility, crime/ESG compliance, community consent (FPIC), skills gaps—and their mitigations. The analysis argues the region is structurally positioned to benefit from global supply-chain realignment if U.S. initiatives shift from fragmented pilots to bankable, standardized packages delivered through a repeatable trust-stack: transparent tenders, open interfaces, and verifiable local-content/skills clauses.

Keywords, JEL, and Subject Areas

Keywords: nearshoring; Latin America; critical minerals; blended finance; PGI/PGII; APEP; Open RAN; supply-chain security.

JEL Codes: F21; F52; F54; O54; Q34.

SSRN Subject Areas: International Political Economy; International Trade & Finance; Development Economics; Emerging Markets; Energy Economics/Policy; Natural Resources; Latin American & Caribbean Studies; Technology Policy.

1. Introduction and Context

Latin America and the Caribbean (LAC) sit at the intersection of supply-chain security, energy transition, and hemispheric development. Regional export potential can expand materially under nearshoring, particularly in autos, textiles, pharmaceutical inputs, and renewables. Umbrella frameworks—such as the Americas Partnership for Economic Prosperity (APEP) and the Partnership for Global Infrastructure—can standardize project preparation, mobilize blended finance, and enable secure digital infrastructure where open interfaces reduce vendor lock-in risk. This paper ties those threads into a bankable sequence of actions characterized as a trust-stack: open standards, transparent procurement, and verifiable local capability building.

2. Country Tiering Methodology

Markets are ranked into Tiers 1–3 using five criteria scored 0–5: (1) macro stability and FX risk; (2) rule-of-law and contract enforceability; (3) logistics and customs efficiency (ports, dwell time, AEO coverage); (4) power and digital readiness (grid reliability, spectrum policy, open-interface readiness); (5) workforce and TVET alignment to targeted sectors. Tier 1 $\geq 18/25$, Tier 2 = 13–17, Tier 3 ≤ 12 . Sector quick wins overlay IDB/ECLAC export potential with U.S. demand and component criticality. Sensitivity testing varied weights by $\pm 20\%$ with Tier placements stable across scenarios.

3. Ten-Point Action Plan

Action	What It Does
APEP/PGI program office	Establish a hemispheric PMO to standardize prep, templates, and KPIs; align with MDB pipelines.
Tiered country sequencing	Prioritize Tier 1 sites first; fast-track permits, customs corridors, and grid interconnections.
Open RAN and secure networks	Adopt open interfaces, multi-vendor RAN, security testing, and spectrum clarity for industrial private 5G.
Minerals-for-manufacturing swaps	Link lithium/nickel/copper concessions to downstream components and local supplier development.
DFC blended finance	Blend concessional tranches, PRI wraps, and LCY instruments to de-risk anchor projects.
Ports & ‘green corridors’	IoT-tracked customs fast lanes, AEO expansion, and port modernization with time-certain SLAs.
Skills & TVET academies	Dual-track training and vendor tool-room academies tied to wage-to-skill progression.
SME supplier onboarding	Use standardized vendor portals, quality audits, and open tender toolkits for local SMEs.
FPIC/ESG governance	Early FPIC, grievance mechanisms, third-party ESIA monitoring, and transparent benefit-sharing.
Data & monitoring stack	Dashboards for uptime, yield, local content, and emissions; public audit trails of spend and outcomes.

4. Sector Quick Wins

- Autos/EV components (wire harnesses, seats, castings, battery sub-assemblies)
- Textiles and apparel (synthetics pivot, duty-advantaged basics)
- Pharmaceuticals inputs (APIs, excipients, packaging)
- Clean-tech supply chain (PV subcomponents, inverters, wind nacelle parts)
- Electronics assembly and test (where feasible given skills/logistics)
- Grid services and storage (BESS assembly, power electronics)

5. Implementation Architecture

A regional PMO coordinates with MDBs (IDB, World Bank), DFC, USTDA, and host governments. Sector working groups define templates for permits, PPAs, and vendor qualification. Customs and port authorities deploy ‘green corridors’ with AEO expansion and time-certain SLAs. Regulators enable industrial private 5G with open RAN guardrails; utilities offer standardized interconnection and RE+storage PPAs. Data dashboards track uptime, yield, local content, and emissions, enabling public audit trails and continuous improvement.

6. Risk and Mitigation Matrix

Risk	How it Shows Up	Mitigation (Playbook Standard)	Owner
Policy volatility / elections	Permits reversed; tariff toggles	Political-risk wraps; stabilization clauses; phase-gated disbursements	DFC + host ministry
Crime & cargo theft	Port/road losses; insurer surcharges	Green corridors; IoT tracking; customs AEO fast lanes	Customs + 3PL
FPIC / social license	Protests halt minerals projects	Early FPIC; benefit-sharing; independent grievance redress	Operator + community
Grid unreliability	Factory downtime	On-site RE+storage PPAs; grid code compliance	Utility + IPP
Skills gap	Yield loss; QC failures	Dual-track TVET; vendor	MOE + employers

		academies; wage-to-skill ladders	
Procurement opacity	Bid challenges	Open-book tenders; e-proc portals; standard KPIs & audits	Planning ministry
FX/ convertibility	Project NPV swings	Local-currency tranches; swap lines; indexed PPAs	Treasury + MDB
Telecom lock-in	Vendor capture; cost creep	Open RAN specs; multi-vendor RIC/xApps; security testing	Regulator + MNOs
Permitting delays	Idle capex	One-stop permitting MoUs; statutory clocks; escalation ladders	PMO
Environmental non- compliance	Fines; shutdowns	Independent ESIA; third-party monitoring; ESG covenants	Lender + operator

7. Limitations and Next Steps

This playbook is a policy brief, not a full CGE or input-output model. Sector opportunities reflect triangulated secondary sources and recent policy announcements. Future work should include bottom-up project cost curves, firm surveys, and life-cycle emissions accounting to quantify net welfare and climate alignment across scenarios.

8. Main Analysis (Revised from Draft)

The U.S. Counter-China Playbook for Latin America: A Strategy of Near-Shoring, Trust-Stack Infrastructure, and Critical Minerals

This paper argues that the United States must re-engage Latin America not simply as a neighbor but as the decisive theatre in the global competition with China. While U.S. corporations announce major investments in the United Kingdom due to legal stability and prestige, the true strategic frontier lies south of the Rio Grande. China has already embedded itself into Latin American supply chains, digital infrastructure, and critical minerals through Belt and Road investments. The U.S. response must combine near-shoring, trust-stack infrastructure, critical mineral midstream development, and blended finance to de-risk Latin American markets. This playbook

outlines priority countries, investment sectors, a ten-point action plan, and risk mitigation tools to realign hemispheric economics and counterbalance Chinese influence.

Executive Summary

U.S. companies prefer investing in the U.K. despite higher costs because of its stable legal system, enforceable contracts, and global prestige. Latin America, by contrast, offers cheaper labor and abundant resources but remains under-invested due to political volatility, corruption, and weak infrastructure. This paper presents a U.S. counter-China strategy that addresses these barriers by mobilizing blended finance, building trust-stack infrastructure (secure digital, logistics, governance), and anchoring investments in critical minerals and clean energy. The goal is to transform Latin America from a perceived risk to a strategic safe bet, thereby containing China's Belt and Road Initiative in the hemisphere.

Introduction

The state visit of Donald Trump to the United Kingdom in September 2025 illustrated why multinational CEOs prefer high-cost environments such as London: rule-of-law, institutional stability, and prestige. But if the United States relies only on Western Europe to anchor capital, it risks ceding Latin America to Beijing. China has become Brazil's largest trading partner, built strategic infrastructure across the continent, and secured critical mineral access in the lithium triangle. Washington has yet to mount a serious counter-strategy. This paper argues that the U.S. must prioritize Latin America as the decisive theater of great power competition, by making it investable and secure for U.S. firms.

Priority Countries & Tiers

Tier 1 (low-to-moderate risk, high ROI): Mexico, Costa Rica, Panama, Colombia, Chile, Uruguay, Dominican Republic.

Tier 2 (selective, project-specific): Peru, Paraguay, Argentina.

Tier 3 (watching brief): Bolivia, Ecuador, Northern Triangle states.

These tiers reflect differences in logistics access to U.S. markets, quality of courts and regulatory regimes, and sectoral alignment for near-shoring and mineral investment.

Sectoral Investment Playbook

- Critical minerals + midstream refining (Argentina, Chile, Peru, Mexico)
- Secure digital infrastructure: 5G Open RAN, subsea cables, cloud hubs
- Clean-energy grids and green hydrogen (Chile, Uruguay, Mexico)
- Ports, rail, and cold-chain logistics (Panama, Colombia, Mexico)
- Semiconductor back-end and electronics assembly (Mexico, Costa Rica)
- Healthcare supply chains and biotech trials (Colombia, Mexico, Chile)

Ten-Point U.S. Action Plan

- 1) Hemisphere Investment Window (DFC/IDB) with \$20-30B blended finance.

- 2) Minerals-to-Markets facility with ESG standards and offtake guarantees.
- 3) Open RAN Accelerator for the Americas.
- 4) Near-shoring tax credits for APEP countries.
- 5) Trusted Trade Lanes via port and customs upgrades.
- 6) STEM apprenticeships linked to U.S. firms.
- 7) Anti-corruption + contract insurance bundle for every project.
- 8) Subsea cables and cloud regions with lawful-access frameworks.
- 9) Migration-for-development swaps tied to industrial job creation.
- 10) Results-based grants for municipalities hitting governance targets.

Risks & Mitigation

Policy Volatility → Use sub-sovereign concessions and escrowed contracts.

Crime and Security → Fund port perimeter technology and vetted private security.

Community Pushback → Ensure FPIC (Free, Prior, Informed Consent) and transparent monitoring.

Over-Promising → Tie all announcements to financial close milestones and track disbursements publicly.

Conclusion

Latin America is the United States' decisive theater in the global contest with China. The region offers proximity, resources, and demographics that could anchor resilient U.S. supply chains for the next generation. But this potential will only materialize if Washington deploys blended finance, contractual safeguards, and trust-stack infrastructure at scale. Otherwise, China's Belt and Road will cement itself as the dominant external power in the Western Hemisphere. This playbook is both a warning and a roadmap: invest now, or risk losing strategic influence on America's own doorstep.

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